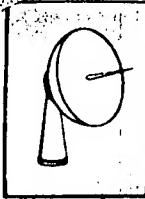


**Confidential**

# EARLY WARNING

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## The Soviet Plan for Peru

Overshadowed by events to its north and east — the guerrilla wars in Central America and the transition to democracy in Brazil and Argentina — Peru is emerging as one of the most vulnerable targets in Latin America for Soviet-Cuban expansionism. Close to bankruptcy and racked by a savage terrorist campaign, Peru is now gearing up for presidential elections in which the leading contenders represent rival factions of the left. The Soviets, who maintain extensive links with “progressive nationalists” in the officer corps, are hoping that the changed situation after April 14 will provide them with new opportunities to establish a base in the Andes.

More than 200 Soviet military advisers have been seeking to exploit Peru's prevailing statist philosophy and the defensive paranoia of some military men derived from a history of conflict with hostile neighbors — Chile, Bolivia, Ecuador — to which it has been obliged to cede territory in past wars whose memory is kept alive in schools and cadet courses. And it is no accident that the irruption of a major guerrilla campaign that has served to undermine both the economy and public confidence coincided with the inauguration of a moderate democratic government after a period of dictatorial rule by leftist generals broadly sympathetic to Moscow and Havana.

Peru rarely occupies a prominent place in Western reporting on the Latin American debt crisis. Yet, with a public sector debt of \$10.5 billion and a private sector debt of \$1.9 billion, it is Latin America's sixth-largest debtor nation; and in terms of debt per capita, it ranks as one of the top four. To be sure, Brazil, Mexico, Argentina, Venezuela and Chile, all have heavier debt burdens. Unlike these countries, however, Peru distinguished itself just six months ago by ceasing to service its foreign debt; and there is little prospect that interest payments will be resumed any time soon. One reason for this is the envenomed political campaign now under way in the run-up to the April polls.

Anti-Americanism is becoming one of the guiding themes in that campaign. Uncle Sam is being flayed for all the familiar reasons and for some that are more idiosyncratic. For example, many Peruvians think the United States is partial to its traditional adversaries, Chile and Ecuador. More important, the anti-drug campaign that is being pursued with increasing determination by the Reagan administration, is less than welcome in rural areas whose economies have become geared to coca production. Indeed, some U.S. experts believe that for the past two years Peru has been producing up to half of the raw materials for international cocaine production.

### Resurgence of the left

The brightening prospects for the Marxist left — and its foothold in the Peruvian armed forces — must be understood against the backdrop of a long tradition of revolutionary

activity. In the 1930s, the Peruvian ideologue, José Carlos Mariategui, was one of the standard-bearers for Marxism-Leninism in South America. Another Peruvian writer, Eudocio Ravines, the author of *The Yanan Way* and later famous as an apostate, also was highly influential in spreading Marxist doctrine. The Peruvian armed forces were among the first in the continent to establish senior war colleges (*escuelas superiores de guerra*) to provide nationalist-oriented courses in geopolitics and international economics. From the beginning (and to the present day) many instructors were orthodox Marxists drawn from a heavily left-politicized university environment.

Peru is also the birthplace of APRA, the acronym for the *Alianza Popular Revolucionaria Americana* [American Popular Revolutionary Alliance]. Founded by the exiled Victor Raúl Haya de la Torre, a first-hand observer of Mexico's revolutionary convulsions in the 1920s, APRA always has been on the margin of political power — largely thanks to the (pre-“progressive”) armed forces, which robbed it of election after election. But today, the APRA candidate is the favorite to succeed centrist President Fernando Belaúnde Terry.

Of the nine contenders for the presidency, only four have any real chance of winning the job. APRA's candidate, Alan García, is a federal deputy who models his personal and political tailoring — on his hero, Spanish Socialist Premier Felipe González, with whom he is in frequent contact by phone and personal emissary. García, now in his late thirties, has a good chance of winning the election. His party won a majority of the vote in the municipal polls in 1983.

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